



**MONTANA DEPARTMENT OF COMMERCE
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)**

**PLANNING GRANT GUIDELINES FOR HOUSING,
PUBLIC FACILITIES & ECONOMIC DEVELOPMENT
GRANTS**

Adopted [date], 2016

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**MONTANA DEPARTMENT OF COMMERCE
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM**

INTRODUCTION

The Montana Department of Commerce (MDOC) Community Development Division (CDD) will set aside up to \$500,000 of CDBG funds for housing, public facility and economic development planning grants to be awarded through the CDBG Program.

The basic framework of Montana's CDBG Program was established in 1982 by a 14-member Task Force comprised of local government officials appointed by the MDOC to design the State's CDBG program. Task Force members hoped to encourage Montana communities to move away from a "crisis management" approach to community problem-solving, instead approaching community development as a long-term process of planned, incremental actions to improve the community over time.

In 1984, Congress amended the federal Housing and Community Development Act of 1974 to require each unit of general local government receiving CDBG funds "to identify its community development and housing needs, including the needs of low and moderate income persons and the activities to be undertaken to meet such needs." Congress established this requirement to promote better planning strategies for addressing local needs. Remarkably, Montana's CDBG Task Force and Congress independently developed similar requirements to encourage longer range planning for community development needs. This remains the basic purpose of CDBG planning grants today.

According to local officials, the cost of preparing planning studies often presents a serious obstacle for communities with limited resources. The CDBG program plays a unique role in assisting Montana communities through its ability to offer planning grants to local governments for the purpose of conducting these types of studies. CDBG planning grants can be used for a variety of planning activities, including but not limited to the initial planning necessary to develop a Housing, Public Facilities or Economic Development CDBG project; the preparation or update of a local growth policy; housing plan; capital improvement plan (CIP); economic development strategy; downtown revitalization plan or similar long range planning document necessary to help a community address critical needs in housing, infrastructure and economic resiliency, including those of low and moderate income (LMI) persons.

The CDBG Planning Grant Guidelines for Housing, Public Facilities and Economic Development Planning Grants, and the Application Form, are available by visiting the Department of Commerce website at <http://comdev.mt.gov/Programs/CDBG/PlanningActivities/Applying>. The guidelines and application may also be obtained by contacting Planning Bureau staff at DOCCDBG@mt.gov or by telephone at (406) 841-2770.

I. ELIGIBLE APPLICANTS

CDBG planning grants are available to eligible counties, cities, and towns. Local governments may apply on behalf of special purpose districts (such as water or sewer districts), unincorporated areas, or on behalf of non-profit organizations (such as a human resource development council, an area agency on aging, a local domestic violence shelter, a boys and girls club, local food bank, hospital, nursing home, or a similar non-profit agency). Counties may also apply for planning grants on behalf of tribal utility authorities.

Local governments may apply for one (1) CDBG planning grant per funding cycle. Local governments with an open CDBG Housing, Public Facilities or Economic Development planning grant from a previous funding cycle are ineligible to apply for an additional planning grant until their current planning project is completed and closed out, unless a local government has been identified as an eligible MIDURN community by HUD through the National Disaster Resiliency Competition and are applying to complete a resilient project as identified within the State of Montana's Phase 2 application. Applicants are encouraged to contact Planning Bureau staff to determine whether a local government is eligible to apply for funding under these guidelines.

As consolidated local governments, Butte-Silver Bow and Anaconda-Deer Lodge may have up to two (2) planning grants open at any given time.

If you have additional questions involving eligibility, please contact Planning Bureau staff at the Department of Commerce directly.

II. ELIGIBLE PLANNING PROJECTS AND COSTS

CDBG Planning Grant funds awarded through the current grant cycle may be used for the preparation of plans, studies, training or research in any of the areas listed below. Please contact Planning Bureau staff directly if you have any questions about whether the proposed planning project is an eligible activity under HUD regulations.

- ❑ **Growth Policies** - CDBG Planning Grants can be used to prepare or update a growth policy in conformance with the requirements for local government growth policies established under Section 76-1-601, MCA¹. Surveys, studies or additional research undertaken to complete or support the development or update of a growth policy document may be considered part of the overall planning project and an eligible expense; please contact Planning Bureau staff with additional questions.

Growth policies assisted with CDBG funds must include the following elements which describe the particular housing and community development needs of low and moderate income persons. The growth policy should include a detailed description of:

1. Any geographic areas within the planning jurisdiction where low and moderate income persons are concentrated and any housing or community development needs which particularly affect those areas;
2. The public service and facility needs of particular groups of persons who generally fall within the low and moderate income category, such as the elderly, single heads of households, homeless persons, or abused or neglected children residing in shelters or group homes; and,
3. Specific measures and activities that will be undertaken to meet the needs identified.

Federal law requires that each CDBG recipient "identify its community development and housing needs, including the needs of low and moderate income persons, and the activities to be undertaken to meet such needs." By addressing and supporting the needs of low and moderate income persons, each CDBG applicant will be able to use its growth policy to document compliance with this CDBG application requirement.

¹ To learn more about this requirement, the Montana Department of Commerce, Community Development Division's Community Technical Assistance Program (CTAP) has produced the "Montana's Growth Policy Resource Book" to further describe and interpret the requirements found in 76-7-601, MCA. Please contact the CTAP directly or visit the [website](#) to obtain the most current version of this resource:

- ❑ Activities undertaken to implement a growth policy, including but not limited to the preparation of a comprehensive capital improvements plan (CIP), subdivision regulations, zoning regulations or other ordinances; the preparation of regional or neighborhood plans identified within an existing growth policy; or the implementation of a development permit process or similar land use regulation.
- ❑ Downtown/neighborhood revitalization or master plans, to include comprehensive market studies, urban renewal plans, research and analyses of fair housing availability, the development of supporting policy, and related environmental studies.
- ❑ Housing plans, to include housing needs assessments, housing condition surveys, housing affordability and market feasibility studies, or the development of local or regional housing assistance programs.
- ❑ Development or update of a local or regional Comprehensive Economic Development Strategy (CEDS).
- ❑ Planning activities associated with the preparation and adoption of a tax increment finance (TIFD) or targeted economic development district (TEDD).
- ❑ Historic and architectural preservation studies and analysis.
- ❑ ADA Self-Assessment Plans, including related studies, policy development and regulation to promote accessibility.
- ❑ Plans for the adaptive re-use and redevelopment of vacant industrial areas, including “brownfield” areas where reuse may be complicated due to the presence (or potential presence) of a hazardous substance, pollutant or contaminant, including relevant studies or plans for remediation.
- ❑ Preparation of Preliminary Engineering Reports (PERs) for drinking water, wastewater, stormwater or solid waste facilities (or other public facilities), or that supports an economic development project identified as a priority by the local government, consistent with the Department of Commerce requirements for PERs found online at: <http://comdev.mt.gov/Portals/95/shared/TSEP/docs/Planning/Forms/PEROutline.pdf>.
- ❑ Preparation of Preliminary Architectural Reports (PARs) for housing or public facilities projects (other than drinking water, wastewater, storm water, or solid waste facilities), or that supports an economic development project identified as a priority by the local government, consistent with the Department of Commerce requirements for PARs found online at: <http://comdev.mt.gov/Portals/95/shared/TSEP/docs/Planning/Forms/CDBGPARGuide.pdf>.
- ❑ Site-specific development plans, analysis and studies for economic development activities identified by the local government as a priority project through documented long-term planning efforts (growth policy, CEDS, downtown master plan, etc.).
- ❑ Development of a business plan, to include a feasibility or market study/analysis, consistent with Department of Commerce requirements, for qualified economic development opportunities identified by the local government through documented long term planning efforts.
- ❑ Preparation of grant applications for CDBG Housing, Public Facilities or Economic Development projects, in conjunction with a planning project listed above.
- ❑ A planning project other than those listed above, recognized and agreed to by the Department (please contact Planning Bureau staff prior to submitting an application for additional guidance).

III. INELIGIBLE PLANNING PROJECTS AND COSTS

CDBG Planning Grant funds cannot be used to pay for the following activities:

- ❑ Operation and maintenance costs or expenses;
- ❑ Purchase of furnishings, fixtures, equipment or real property;
- ❑ Non-planning documents such as final design or construction drawings;
- ❑ Construction or any other non-professional services;
- ❑ Grant administration and management expenses, with the exception of postage costs, in-state mileage costs and copy and printing costs associated with the administration of eligible planning grant activities;
- ❑ Financial expenses, including but not limited to interest expense, bond issuance costs, or any other debt-related costs or expenses; or
- ❑ Any otherwise eligible planning project costs incurred prior to the date of announcement of grant award by the Department of Commerce.

IV. AWARD AMOUNTS & REQUIRED MATCH

CDBG Planning Grants are available in amounts **up to \$50,000**. Planning grant funds requested for long-range community development activities that have an overall community benefit will require the applicant provide match on a 1:3 basis; in other words, an applicant must provide a minimum of \$1 in match for every \$3 of CDBG planning grant funds awarded. Planning grant funds requested for economic development activities on behalf of a private entity for site-specific projects will require the applicant provide match on a 1:1 basis. Matching funds must be firmly committed by the time CDBG grants funds are released.

The amount of CDBG funds requested, and matching funds to be committed, must be described in the proposed budget as part of the application materials (see *Exhibit 2* of the application for the required budget format and instructions). The budget for the proposed planning project must be accompanied by a detailed narrative that explains and justifies:

1. The need for CDBG funding and basis for the amount requested;
2. The amount of local matching funds available and readily committed; and
3. Any other sources and amounts of local, state, federal, or private funds to be involved in financing the proposed project.

Quotes from qualified professionals may be requested by MDOC with the application materials, to support the amount of funding requested. Firm loan commitments -- such as funds borrowed from the Montana Board of Investments Intercap Program -- or local cash reserves -- are acceptable forms of match. Grants or cash contributions from other local, state, or federal agencies and programs or private organizations are also acceptable forms of match for CDBG planning grant awards. However, 1/3 of the matching funds must be committed from local sources (i.e. not from state or federal grants).

Grant applicants cannot substitute "in-kind" services provided by local governments, such as regular salaried staff time, for cash match. In-kind match is very difficult to document; therefore, CDBG will only accept cash, grants or loans as a match.

In documenting a firm commitment of matching funds, the applicant must:

1. Specify the amount and use of the funds committed by the applicant as match; and
2. For funds to be provided by an entity other than the applicant, provide a letter of commitment from the agency or organization involved. The commitment of funds or resources may be made contingent on CDBG funds being awarded for the proposed planning project.

The MDOC may reduce or entirely waive the match requirement, if specifically requested by the applicant, in extreme hardship cases only. Applicants seeking to reduce or waive the match requirement must formally request a reduction of the match or a waiver at the time of application; reduction or waiver requests made after CDBG funds have been awarded will not be considered. The applicant must also include documentation in the application materials which:

1. Clearly demonstrates that higher financial participation is not possible and
2. Provides written evidence that the need for the planning project relates to an immediate need to protect public health or safety, or would respond to a serious need principally impacting low or moderate income persons or households.

V.APPLICATION SUBMISSION

CDBG Planning Grant applications will be accepted on an on-going basis beginning July 1st, 2016

Applications for the preparation of preliminary engineering reports (PERs) for water or wastewater systems will be accepted beginning July 1st, 2016 but will not be considered for funding until August 1st, 2016. An alternate source of funding for water and wastewater infrastructure PERs is currently available through the Treasure State Endowment Program (TSEP).

To apply for a CDBG Planning Grant, all eligible applicants must complete the application found on the Department of Commerce website at <http://comdev.mt.gov/Programs/CDBG/PlanningActivities/Applying>. Hard copies of the application and guidelines may be obtained by contacting Planning Bureau staff at DOCCDBG@mt.gov or by telephone at (406) 841-2770. Completed applications and all supplemental materials are required to be submitted by first class mail, hand delivery, or email to:

Montana Department of Commerce Community
Development Division Planning Bureau
301 S. Park Avenue
P.O. Box 200523 Helena,
MT 59620-0523
DOCCDBG@mt.gov

Each application submitted must be complete and accompanied by all required supplemental materials. MDOC reserves the right to reject ineligible, incomplete, or otherwise improper applications. If the applicant submits an application electronically, the original signature page must be subsequently mailed to the Department.

Applicants are encouraged to contact Planning Bureau staff with any questions they have concerning application submittal and the requirements related thereto. MDOC is committed to assisting all applicants applying for CDBG planning grant funding.

VI. APPLICATION REVIEW PROCESS

Planning Bureau staff will review all CDBG Planning Grant applications and evaluate the extent to which each proposed planning project relates to the criteria set forth below. Applications will be reviewed on an on-going basis, in the order they are received, and awards will be based on overall merit of the application and its ability to meet established CDBG goals and objectives. MDOC reserves the right to modify or reject ineligible, incomplete, or otherwise improper applications. MDOC will prioritize applications received from eligible MIDURN communities for planning activities identified through the State of Montana's application to for National Disaster Resilience Competition grant funds and align with principles proposed as part of the Resilient Montana program.

Planning Bureau staff will first review each application for completeness. During this review, staff may contact an applicant to discuss any concerns or questions, or to request additional information or documentation. Staff may require additional information from the applicant to clarify information presented in the application; however, the applicant may only submit additional information after the initial application if and when specifically requested by staff.

Applicants for CDBG planning grant funds will be required to address how the proposed planning project meets each of the following criteria, in order to be considered for planning grant funds:

- 1) Supports existing Montana communities by:
 - a. Targeting funding toward existing communities to increase community revitalization, improve the efficiency of public works investments, and safeguards rural landscapes;
 - b. Encouraging appropriate and comprehensive planning, market studies, preliminary architecture reports, and other studies or plans that support the sustainability of local communities, affordable housing, public works investments, vital employment centers, and the environment;
 - c. Enhance the unique and resilient characteristics of all communities by investing in healthy, safe and walkable neighborhoods – rural, urban and suburban;
 - d. Encouraging the rehabilitation of existing rental and owner-occupied homes, particularly for those with special needs and the elderly; and
 - e. Encouraging the development and rehabilitation of community facilities and services located within walkable neighborhoods and/or served by public transportation systems, particularly for those with special needs and the elderly.
- 2) Supports investment in vital public infrastructure by:
 - a. Encouraging appropriate and comprehensive pre-development planning activities for public infrastructure , including asset management, needs analysis, preliminary engineering and/or architectural reports, and other studies or plans;
 - b. Providing funding opportunities to improve safety and efficiency of public infrastructure, promote health, safe and walkable neighborhoods, and safeguard the environment; and
 - c. Provide funding opportunities to serve eligible Montanans, [particularly those special needs and elderly populations, with safe, efficient public infrastructure.
- 3) Enhances Montana's economic competitiveness by:
 - a. Providing reliable and timely access to employment centers, educational opportunities, services and other basic needs by works as well as expanded business markets;
 - b. Supporting comprehensive planning for downtown revitalization, business development, and other studies or plans to attract and retain talent in Montana communities;
 - c. Providing job opportunities to eligible Montanans to strengthen communities within the State;

- d. Encouraging activities that support and strengthen new and existing businesses, particularly those located within traditional downtown business centers comprising a mix of business, housing and services;
- e. Encouraging housing and mixed-use development that contributes to broader revitalization efforts in Montana communities; and
- f. Seeking opportunities to achieve multiple economic development goals, such as removing barriers to collaboration, leveraging multiple funding sources, and increasing efficiency through a single investment.

4) Promoting equitable, affordable housing in Montana by:

- a. Expanding location and energy efficient housing choices for people of all ages, incomes, races and ethnicities to increase mobility and lower the combined cost of housing and transportation;
- b. Encouraging activities to acquire and/or construct new affordable housing for homeownership or rental in areas where existing investment in infrastructure, facilities and services leverages multiple economic, environmental and community objectives;
- c. Encouraging appropriate and comprehensive planning, market studies, preliminary architectural reports, and other studies or plans in support of the efficient construction of affordable housing; and
- d. Encouraging financial mechanisms that increase homeownership opportunities and provide rental assistance to eligible Montanans, particularly those with special needs and the elderly.

Staff will also consider the following attributes, without preference or priority, in reviewing the application and determining eligibility for planning grant funds:

- 1) The applicant's need for financial assistance with the planning project;
- 2) The fiscal capacity of the applicant to meet the grant conditions required by the Department, including but not limited to its ability to manage the planning project and demonstrate the use of generally accepted accounting principles;
- 3) The applicant's past efforts to ensure sound, effective, long-term community wide planning;
- 4) The applicant's ability to obtain and commit the required matching funds; and
- 5) The demonstrated importance of, and the community's support for, the planning project.
- 6) Relation of planning project to business expansion or retention, specifically the number of potential jobs created or retained as a result of the proposed planning effort.

Staff will consider the overall quality of the application, including measurable project goals, tasks, and activities, a well-developed work plan and budget, and easily identifiable deliverables, in making award decisions. Grant awards will generally be made on a first-come, first-served basis until planning funds have been exhausted; however, MDOC reserves the right to reject applications that are incomplete, ineligible or do not clearly demonstrate how the proposed planning activity will adequately comply with the national objectives identified by HUD.

MDOC will notify successful applicants of a CDBG Planning Grant award by sending a formal Award Letter. The completed application, including any written modifications resulting from the review of the application by Planning Bureau staff and approved by the Department, will be incorporated into the grant contract between MDOC and the successful applicant(s). The grant contract must be executed by an authorized agent of the local government.

VII. ADMINISTRATIVE PROCEDURES & REQUIREMENTS

The provisions below describe some of the more significant administrative procedures and requirements successful CDBG Planning Grant applicants must comply with. All procedures and requirements that the award recipient must comply with will be set forth in the grantee's contract with MDOC.

1. **Payment:** CDBG planning grant recipients must execute a contract with MDOC before any funds can be reimbursed. Payment for approved expenses under the grant contract will be on a reimbursement basis only. Commerce will typically disburse 50% of the planning grant award upon request for payment accompanied by proper documentation and submittal of draft project deliverables, when applicable. To request payment from the Department, grantees must submit a Drawdown Request Form with supporting documentation, including a Signature Certification Form and all applicable invoices detailing the project expenditures by activity, employee and showing hourly rate breakdowns, along with a project progress report. Documentation of the procurement process followed will be required submitted as part of the initial request for payment. To receive final payment, the grantee must show proof of expenditure of all matching funds and include one hard copy and one electronic copy of the final planning deliverables (growth policy, CIP, PAR, etc.). MDOC will determine, in its sole discretion, whether supporting documents for a request for payment are sufficient and adequate to approve reimbursement. If the grantee fails to obligate expenses on or before the termination date of the grant contract, MDOC cannot reimburse the grantee planning grant award funds, unless the grantee can demonstrate, to the satisfaction of MDOC, a reasonable basis for the delay in requesting reimbursement. All documentation and requests for reimbursement must be received by the department within 60 days of termination of the grant contract.
2. **Reporting Requirements/Project Monitoring:** Grantees will be required to submit progress and expenditure reports in accordance with the requirements of the grant contract. MDOC reserves the right to perform site inspection(s) in order to monitor the Grantee's compliance with the terms of grant contract, including but not limited to verification of planning services performed and monitoring of CDBG grant funds.
3. **Public's Right to Know:** Applications that are funded are subject to disclosure, in response to requests received under provisions of the Montana Constitution (Art. II, §9). Information that could reasonably be considered to be proprietary, privileged, or confidential in nature should be identified as such in the application.
4. **Authority/Approvals:** The signature on the application is the Applicant's (or their authorized agent's) certification that the local government has approved submittal of the application and has firmly committed the matching funds required.
5. **Compliance with Laws:** The Applicant must certify on the application that the proposed planning project complies with all state, federal, and local laws, ordinances, and regulations, including any necessary environmental review and procurement requirements.
6. **Dissemination of Information/Technology Transfer:** Grantees will be contractually required to allow MDOC access to any facility or site associated with the planning project, and the ability to obtain, publish, disseminate, or distribute any and all information obtained from the planning project (except any data or information identified as confidential or proprietary), without restriction and without payment or compensation by MDOC.
7. **Grant Duration/Performance Period:** The grant term will begin upon execution of the grant contract and will end one (1) year after the date of the Award Letter, or upon final reimbursement for costs and close-out of the planning project by MDOC, whichever is sooner. No requests for payment may be submitted for any costs or expenses obligated by the district for reimbursement after termination of the grant contract. All planning projects for which a CDBG Planning Grant has

been awarded must be completed within twelve (12) months of the date of Award Letter issued to the applicant from the Department of Commerce. The Department, in its sole discretion, may grant an extension to this deadline if the planning project is near completion but will not be fully completed by the deadline, and the grant recipient can demonstrate a good faith effort to complete the project on time and within the original budget. If no Project Completion Report form is submitted, the grant will be considered closed-out 90 days following expiration of the grant term.

8. **Return of Funds:** At MDOC's sole discretion, the grantee will be required to and agrees it shall return to MDOC any and all funds that are determined by MDOC to have been spent in violation of the terms and conditions of the grant contract.
9. **Cost Savings:** In the event that expenses for a CDBG Planning Grant projects are less than the projected costs and grant award, MDOC may, in its sole discretion, authorize additional related planning efforts for the same facility to enhance the overall project or reduce the grant award accordingly.
10. **Uniform Act:** CDBG planning grants funding the preparation of preliminary engineering (PER) or architectural (PAR) reports that consider, recommend or require the acquisition of real property are subject to the Uniform Act (URA). Grantees are encouraged to contact CDBG program staff anytime acquisition is being considered as part of a planning grant application or award, to ensure all necessary and appropriate URA procedures are followed.

VIII. PROCUREMENT OF PROFESSIONAL SERVICES

All State of Montana and MDOC requirements concerning procurement of professional services will apply. Additionally, HUD procurement requirements will apply when the total cost for a planning project exceeds \$100,000.

To be eligible for reimbursement, professional architectural or engineering services must be procured in compliance with Section 18-8-201, MCA. The local government will be required to submit evidence showing the procurement process was followed and provide documentation of the review and selection process, prior to requesting reimbursement. In order to ensure that expenditures will be eligible for reimbursement, please contact a Planning Bureau staff member directly for guidance BEFORE procuring professional services or incurring any costs for which the local government may later request reimbursement.

For procurement of planners, grant writers and consultants, CDBG recommends using the formal RFP process to increase the community's ability to hire the best qualified consultant. A planning RFP should be concise, contain all the important information needed for firms to respond in a factual manner, and indicate the services the consultant would be expected to provide. It also should include information regarding the time frame, factors that will be used to evaluate the responses, and a contact person. **At minimum, local governments are required to conduct limited solicitation in the procurement of planning services,** and will be asked to provide documentation that a minimum of three (3) qualified firms were contacted in writing or via phone and provided formal quotes for consideration. The local government will be required to submit evidence that the limited solicitation process was followed and documentation of the review and selection process. Any representative hired by a local government to conduct the RFP solicitation or procurement process cannot be subsequently hired by the local government to perform the planning services.

Procurement of professionals may occur at any point – including prior to the preparation of a CDBG planning grant application. If a local government hires a professional architect, engineer, planner, grant writer or other consultant to complete work in relation to a CDBG planning grant activity, the procurement processes described above will apply. Applicants are encouraged to contact Planning Bureau staff to discuss procurement in advance of an application, to ensure all applicable administrative procedures have been met. If a professional has been hired and identified in the CDBG application, the applicant must provide documentation that all applicable procurement processes have been followed in securing the professional identified for the planning work to be completed, prior to an award being made.

Documentation that the following CDBG requirements have been met will apply to all CDBG planning grant recipients when procuring for professional services:

Disadvantaged Business Enterprise Requirements

Outreach to qualified Disadvantaged Business Enterprise and Women-owned Business Enterprise and Minority-owned Business Enterprise (all referred to as DBE) firms should be completed each time a procurement action is undertaken. For most projects this would mean copying DBE firms at the time of issuing a Request for Proposals (RFP) or Request for Qualifications (RFQ) to hire an engineer, architect or planner. A sample Letter of Work Notification to DBE firms may be found here: <http://comdev.mt.gov/Programs/CDBG/PlanningActivities/CommonForms>.

A list of Montana Disadvantaged Business Enterprises created by the Montana Department of Transportation (MDT) Disadvantaged Business Enterprise Program may be found by calling MDT at (406) 444-6337 or downloaded from their web site: <http://www.mdt.mt.gov/business/contracting/civil/dbe.shtml>.

The primary objective of this requirement is that grantees and any sub-grantees take all necessary affirmative steps to ensure that DBEs in labor surplus areas are used when possible in the procurement of goods and services for CDBG funded activities. In order to accomplish this DBE-related objective, CDBG planning grantees must take the following affirmative steps:

- ❑ Ensure that small and minority businesses and women's business enterprises are solicited whenever they are potential sources of goods or services;
- ❑ Divide total requirements -- when economically feasible and consistent with state law -- into smaller tasks or quantities to permit maximum participation by small and minority businesses and women's business enterprises.

Section 3 Requirements

Section 3 notice should be published each time a major procurement action is undertaken on a planning project. For most projects this would mean publishing the first Section 3 notice at the time of issuing a Request for Proposals (RFP) or Request for Qualifications (RFQ) to hire an engineer or architect.

A sample Section 3 Public Notice: Economic Opportunities for Low-Income and Moderate Persons is provided below and can also be found in Chapter 5, Exhibit 5-B of the *CDBG Grant Administration Manual*. This notice or its equivalent must be published in order to inform the community of employment and business opportunities and to demonstrate compliance with Section 3 requirements. Section 3 activities must be reported to Planning Bureau staff prior to CDBG planning grants funds being disbursed.

Section 3 requires that to the greatest extent feasible:

- Opportunities for training and employment must be given to lower-income residents of CDBG-assisted projects; and
- Contracts for work in connection with such projects should be awarded to business concerns located in, or owned in substantial part by "project area" residents. (See Chapters 13, Exhibit 13-H, for additional information about required Section 3 reporting by CDBG grantees at the time of project closeout.)

A sample notice form for CDBG grant recipients can be found by visiting the website below, and should be used to inform the community of prospective employment and business opportunities: <http://comdev.mt.gov/Programs/CDBG/PlanningActivities/CommonForms>

This notice should be published when the project is being advertised for bid to ensure that the community has a reasonable opportunity to hear about the potential benefits of the CDBG project.

Professional Services Agreements and Supplemental Conditions

MDOC provides guidance to grantees on the preparation of RFPs for planning, architectural and engineering services; a sample RFP for solicitation of these services can be found by visiting the following website: <http://comdev.mt.gov/Programs/CDBG/PlanningActivities/CommonForms>. Once the procurement process is complete and a consultant is hired, grantees may use the sample professional services agreement (located at: <http://comdev.mt.gov/Programs/CDBG/PlanningActivities/CommonForms>) which includes the standard language used in such contracts and the clauses required for CDBG-funded grant contracts. It is the grantee's responsibility to include provisions related to all applicable CDBG requirements in any contract or agreement through which CDBG funds are passed on to a contractor or subcontractor.

The CDBG Supplemental Conditions to Contracts, (located here: <http://comdev.mt.gov/Programs/CDBG/PlanningActivities/CommonForms>) must be included in contracts for professional services, even if a contractor prefers to use their existing contract format. In both sample formats, the required clauses have been noted with an asterisk. These required clauses cover issues such as procedures dealing with breach of contract and termination, patents and copyrights, and access to and retention of records.

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